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C O N F I D E N T I A L SECTION 01 OF 03 PRISTINA 000114

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SUBJECT: KOSOVO: DS PARTY SHOWING NEW ASSERTIVENESS IN  
KOSOVO

Classified By: Ambassador Tina S. Kaidanow for Reasons 1.4 (b), (d).

11. (C) SUMMARY. In recent weeks, Serbian government officials responsible for the southern part of Kosovo (south of the Ibar river) have sounded a seemingly more moderate political line and have even contacted Serbs working in the Kosovo government. These officials, all from Serbian President Boris Tadic's Democratic Party (DS), have identified instructions from the president as the impetus for this apparent shift in tactics. The approach appears to involve a more flexible attitude in Kosovo's south, though even there, the moderate line may be fighting opposition within the Ministry for Kosovo from more hard-line elements. A first test of this alleged new flexibility will be the issue of electricity. We are engaging our interlocutors on all sides, urging them to convince Belgrade to remove restrictions on Kosovo Serbs who want to pay their electricity bills, something that the Serbian government and Kosovo Serb hardliners have prevented since 1999. With privatization of the electrical distribution company on the horizon, Kosovo Serbs are now realizing they must become paying customers. We welcome the apparent change in attitude on the issue of payment for electric service, but caution that this flexibility from Belgrade -- should it prove tangible -- is unlikely to extend to such bottom-line issues as decentralization or an end to support for parallel structures. END SUMMARY.

#### Opening Channels

12. (C) On February 23, Kosovo Serb Srdjan Sentic, Senior Advisor for Community Affairs to Prime Minister Thaci, was contacted by Serbian Assistant Minister for Kosovo Dragan Petkovic, a fellow Kosovo Serb and member of Serbian President Boris Tadic's Diplomatic Party (DS). Sentic reported that Petkovic told him the reason for the meeting was an instruction from Tadic that the Ministry should seek out officials from the Kosovo government and "international missions" (Western embassies and even possibly the ICO) to open up better lines of communication and cooperation regarding issues related to the Kosovo Serb community. Sentic said Petkovic told him that Tadic and Minister for Kosovo Goran Bogdanovic (DS) had concluded that working solely through UNMIK was no longer a realistic option, as it excluded more relevant actors and alienated the Kosovo government.

¶3. (C) On March 6, Kosovo Minister for Returns Sasa Rasic, a Kosovo Serb from the Independent Liberal Party (SLS), told us that he had also been contacted by another Assistant Minister in the Serbian Ministry for Kosovo, Bojan Andjelkovic (DS). Rasic said Andjelkovic had given similar reasons for contacting Kosovo officials, indicating that Tadic had instructed Ministry officials to reach out. Andjelkovic's portfolio covers returns-related issues and he asked to discuss returns in more detail at a private meeting with Rasic in Serbia. Rasic told us he was planning to schedule the meeting soon and we encouraged him to do so.

¶4. (C) In a meeting with Poloff on February 26, Petkovic said that he wanted to be in touch with "the most influential international factors" in Kosovo as part of his work, which would be concentrated south of the Ibar. Petkovic said that in addition to contact and cooperation with the Kosovo government and others he would be overseeing the operation of Serb parallel municipal governments in southern Kosovo. This echoes earlier reports we heard from other DS-affiliated Kosovo Serbs. Petkovic made no effort to disguise his contempt for Serb parallel officials, many of whom are hard-line members of the Serbian Radical Party (SRS) and the Democratic Party of Serbia (DSS) and therefore his political opponents. He said he considers them corrupt and provocative in their dealings with Kosovo Albanians, making it clear that DS wanted to exert tighter control over them. Petkovic also said that the Ministry had appointed Sladjan Radovic as Assistant Minister to cover Serb-majority northern Kosovo and drew a line between Radovic's work in the north and his own

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in the south - something he termed a "two-zone" approach. At a later meeting on March 5, however, Petkovic clarified that the "two zone" approach was primarily a division of labor between him and Radovic, not necessarily a substantive difference on policy issues. Nevertheless, Petkovic pointed to Tadic's instructions as underscoring the need for the Kosovo Ministry to deal pragmatically with those issues outside the realm of status. How this was defined was left unclear.

What about the North?

¶5. (C) In addition to a more assertive posture in the south, there is evidence that the DS may also attempt to be more assertive in northern Kosovo -- though not always in a fashion that will make Western interlocutors or the Kosovars happy. On March 6, Lt. Col. Ergin Medic, a high-ranking Kosovo Police officer in the north, told us that Radenko Nedeljkovic, the Serbian Ministry for Kosovo Regional Coordinator (CCK) in northern Kosovo, had personally organized and directed the February 27 demonstration at the courthouse in northern Mitrovica. (Note: The protest was aimed at preventing the start of a criminal trial of two Kosovo Serbs conducted by EULEX international prosecutors and judges in the courthouse. The protestors raised issues of applicable law - insisting on UNMIK or Serbian law instead of "Kosovo law." The start of the trial was delayed by the protest but is currently under way without further complications to date. End Note.) Nedeljkovic is a DS party member, and Medic told us that direct involvement by the CCK regional head was a sign of Belgrade's direct interest in controlling affairs in the north. (Note: While the Serbian government's influence in the north has always been significant, local hardline leaders, such as Marko Jaksic, have taken advantage of Belgrade's laxity in the past to spark their own demonstrations and other actions, including meetings of the "Assembly of Kosovo Municipalities" like the one organized on February 17.)

Electricity Sparks Action

¶6. (C) The issue of electricity may be an early test of the more "flexible" approach in the south, should it prove to

have legs. On March 5, we met Petkovic and his close associate Goran Arsic, CCK director for central Kosovo, to discuss growing problems related to Kosovo Serbs and electricity. (Note: Very few Kosovo Serbs, particularly those living in enclaves, pay for electricity, though they continue to receive it. This is a holdover from UNMIK-era policies designed to avoid confrontations between the Kosovo Electric Corporation (KEK) and Kosovo Serbs, who largely do not recognize KEK and/or are prevented from paying their utility bills by the Serbian government and hardline Kosovo Serbs.) When we pointed out that the upcoming privatization of KEK's electricity distribution network would likely result in many Serbs being cut off from service, Petkovic overrode Arsic and others at the meeting, who were making the standard Serb objections to KEK's "discrimination" against Serbs, saying that the issue needed to be resolved pragmatically. We contacted Petkovic again on March 8, after Kosovo Serbs protesting power cuts in the enclave of Silovo (Gjilan/Gnjilane municipality) clashed with Kosovo Police. Petkovic told us he would be in Belgrade on March 9 seeking urgent policy guidance from Kosovo Minister Bogdanovic, adding that both he and Bogdanovic knew that Serbs would ultimately have to begin paying their bills in order for the problem to be resolved. (Note: For more details on the March 8 protest in Silovo see Pristina Bullets from March 9 and 10, 2009.) At the time of this writing, we are heavily engaged with KEK, Petkovic, and local Kosovo Serb interlocutors to find a workable solution to the electricity problem. This will be reported septel.

#### Resistance to Change

17. (C) The new, more assertive approach of the DS is facing some opposition both outside and inside Serbian government

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circles in Kosovo, which may be rooted in the self-interest of other Kosovo Serb actors who are less inclined to solve problems pragmatically. We asked Petkovic about the Ministry for Kosovo's investigation into abuse of Serbian Government funds sent through the CCK in recent years for the benefit of Kosovo Serbs. He said he and others in the Ministry were taking the investigation quite seriously and had already discovered a large amount of fraud, including projects costing hundreds of thousands of euro, of which there was simply "no physical evidence." Kosovo Serb members of the DSS party, he claimed, had benefited from such corruption. Given the heavy DSS presence in many parallel municipal governments, Petkovic and his DS allies face entrenched opposition to their investigations. Petkovic also claimed that Bogdanovic was intent on cleaning up the system and using scarce resources for projects and programs that truly benefited Kosovo Serbs and did not line the pockets of the politically well-connected. To that end, Petkovic told us that the Ministry would sponsor a small business loan program. Approximately 1.5 million euro worth of funds would be set aside for loans in the amount of 15-30,000 euro to Kosovo Serb-owned businesses, with an eye towards the number of people employed. (Note: Similar programs sponsored by the Serbian government have sputtered and died in the past due to lack of follow through.)

18. (C) Inside the Ministry for Kosovo, Petkovic and Arsic are also facing opposition from the head of the CCK Zvonko Stevic, a member of the Socialist Party of Serbia (SPS). Stevic is known to be more hard-line in his politics, as are most SPS party members in Kosovo. On March 5 we observed Petkovic and Arsic working the phones in their office, with Petkovic firmly telling parallel municipal officials from Gracanica (a Serb-majority suburb of Pristina) that Stevic and other SPS members who had promised them jobs (presumably in exchange for political loyalty) were "leading them by the nose." Arsic complained that Stevic had offered jobs to Serbs in Gracanica and Gjilan/Gnjilane without any authorization from the Ministry for Kosovo. Petkovic then explained that Minister Bogdanovic had argued with Stevic,

forbidding him to hire any additional people. According to Petkovic and Arsic, Stevic is trying to use his position as CCK head to gather hardliners and others around him as a separate center of influence within the Ministry for Kosovo, along party lines.

COMMENT

19. (C) Thus far, Dragan Petkovic appears to be intelligent, moderate, and open to discussion on any subject absent the usual rhetoric of Serbian officials, and his DS party connections in Kosovo are strong enough to permit him to speak more frankly on certain formerly taboo issues. We are encouraged to have this new contact, but we will also need to see whether the DS can fully insinuate itself in policy making at the local Kosovo level and how far this alleged "flexibility" actually extends. The issue of electricity provides a good test of the limits of this approach. Initial indications are positive, with Petkovic showing a willingness to engage, along with having very good connections to Goran Bogdanovic. However, the Serbian government will have to be even more flexible on dealing with KEK to ensure a durable solution. To the extent that the Ministry for Kosovo continues to engage the Kosovo government and other relevant actors - including the Embassy - rather than UNMIK, progress on practical issues can be made. However, we caution that there is no evidence that such "flexibility" will extend to fundamental issues including decentralization and parallel structures; Petkovic has been clear that the outlines of Belgrade policy on these issues are unlikely to change. We will continue to explore the possibilities inherent in this new set of discussions and see what benefit they bring. END COMMENT.  
KAIDANOW